

**REMARKS**

Claims 73-88 are now pending in this application. Claim 73 is independent. Claims 73-88 have been added, claims 1-72 have been canceled, and no claims have been amended by this Amendment.

No new matter is involved with any new claim, as support may be found throughout the originally filed specification, including the originally-filed claims.

**I. Comments on the Examiner Interview Conducted on June 28, 2010**

Applicant and the Undersigned Attorney sincerely appreciate the opportunity to discuss this application with Examiner Fields and Supervisory Examiner Abdi, as well as the many helpful suggestions offered by the Examiners. This amendment is submitted with the Examiners' comments and suggestions firmly in mind.

**II. Statutory Subject Matter Rejection Under 35 U.S.C. § 101**

Withdrawal of the rejection of claims 1-70 under 35 U.S.C. 101 as allegedly being directed to nonstatutory subject matter is respectfully requested. These claims have been canceled, thus rendering their rejection moot. Further, recent developments in the U.S. Supreme Court, and revised Examiner Guidelines in connection with the determination of statutory subject matter warrant additional discussion.

**A. Comments on the Bilski Decision and Interim Examiner Guidelines****1. The Bilski Decision**

Without presenting a lengthy legal analysis of the Supreme Court's recent decision in *Bilski v. Kappos*, the Undersigned Attorney points out that the Court's holding that the previously-imposed "machine-or-transformation" test identified by the Court of Appeals for the Federal Circuit, and adopted by the USPTO, while useful in some situations, is not the *sole* test to be applied to determine patent eligible subject matter under 35 U.S.C. 101.

## 2. USPTO Interim Bilski Guidelines

The USPTO has prepared Interim Guidance for Determining Subject Matter Eligibility for Process Claims in view of *Bilski v. Kappos* (Interim Bilski Guidance) for Examiners to use when determining subject matter eligibility under 35 U.S.C. 101 in view of the recent decision by the United States Supreme Court (Supreme Court) in *Bilski v. Kappos*, No. 08-964 (June 28, 2010). It is intended to be used by Office personnel as a supplement to the previously issued Interim Examination Instructions for Evaluating Subject Matter Eligibility Under 35 U.S.C. 101 dated August 24, 2009 (August 2009 Interim Instructions) and the memorandum to the Patent Examining Corps on the Supreme Court Decision in *Bilski v. Kappos* dated June 28, 2010. The August 2009 Interim Instructions are to be consulted for determining subject matter eligibility under 35 U.S.C. § 101 for machine, composition, and manufacture claims.

The Interim Bilski Guidance provides factors to consider in determining whether a claim is directed to an abstract idea, and is therefore not patent eligible under 35 U.S.C. 101. Under the Interim Bilski Guidance, factors that weigh in favor of patent eligibility either satisfy the criteria of the machine-or-transformation test, *or provide evidence that the abstract idea has been practically applied*. Factors that weigh against patent-eligibility neither satisfy the criteria of the machine-or-transformation test, nor provide evidence that the abstract idea has been practically applied.

*The machine-or-transformation test remains merely as an investigative tool and is only starting point for determining whether a claimed invention is a patent-eligible process under 35 U.S.C. 101.* The Interim Bilski Guidance provides additional factors to aid in the determination of whether a claimed method that fails the machine-or-transformation test is nonetheless patent-eligible (i.e., is not merely an abstract idea), and also whether a claimed method that meets the machine-or-transformation test is nonetheless patent-ineligible (i.e., it is an abstract idea).

As indicated in the "101 Method Eligibility Quick Reference Sheet" provided with the recent USPTO Interim Bilski Guidance, *the factors below should be considered when analyzing the claim as a whole to evaluate whether a method claim is directed to an abstract idea.* However, not every factor will be relevant to every claim and, as such, need not be considered in

every analysis. When it is determined that the claim is patent-eligible, the analysis may be concluded. In those instances where patent-eligibility cannot easily be identified, every relevant factor should be carefully weighed before making a conclusion. Additionally, *no factor is conclusive by itself, and the weight accorded each factor will vary based upon the facts of the application.*

Factors Weighing Toward Eligibility include the following:

**Recitation of a machine or transformation (either express or inherent).**

- Machine or transformation is particular.
- Machine or transformation meaningfully limits the execution of the steps.
- Machine implements the claimed steps.
- The article being transformed is particular.
- The article undergoes a change in state or thing (e.g., objectively different function or use).
- The article being transformed is an object or substance.

**The claim is directed toward applying a law of nature.**

- Law of nature is practically applied.
- The application of the law of nature meaningfully limits the execution of the steps.

**The claim is more than a mere statement of a concept.**

- The claim describes a particular solution to a problem to-be-solved.
- The claim implements a concept in some tangible way.
- The performance of the steps is observable and verifiable.

**B. Comments on the Newly-Presented Claims**

The newly-presented claims 73-88 have been drafted in light of the Examiners' comments, and to conform to the Interim Bilski Guidance by reciting a method implemented using a particular computerized and networked system, i.e., an electronic communications network (ECN), that is known in the financial trading arts as electronic trading systems that match buy and sell orders at specified prices.

Independent claim 73 recites the following:

73. A method for electronically trading shares of physical gold bars over an electronic communications network (ECN), the method comprising:

providing an amount of the physical gold bars to a trust, the physical gold bars provided to the trust having a value based at least on a weight thereof;

receiving a number of trust shares each representing a proportional ownership interest in the physical gold bars; and

using the electronic communication network (ECN) to trade one or more of the trust shares.

Thus, the recitation of independent claim 73 is clearly directed to statutory subject matter under the Interim Bilski Guidelines, as the claim is more than a mere statement of a concept or an abstract idea, because the claim describes a physical (not abstract) solution to a physical problem to-be-solved, i.e., easy trading of physical gold bars; In addition, the invention set forth in claim 73 implements a concept in a tangible way (i.e., providing physical gold bars to a trust, and using an electric communication network to effect trades via trust shares, thus eliminating the trouble and expense of a buyer having to take physical custody of gold bars to maintain ownership). Moreover, the performance of the steps is observable and verifiable (i.e., the system is actually in use in which physical gold which is stored in a trust account is represented by trust shares).

In light of the Interim Bilski Guidelines, and regardless of whether or not the claim fully meets all elements of the *former* machine-or-transformation test, the pending claims at least meets another prong of the Interim Bilski Guidelines test for patent eligibility, and should therefore be deemed as being patent eligible.

Accordingly, favorable consideration of the newly-presented claims is respectfully requested.

### **III. Unpatentability Rejection over Annunziata in View of Slyke**

Withdrawal of the rejection of claims 1-6, 9-27, 29-36, 38-48, 50-57, 59-61 and 63-72 under 35 U.S.C. §103(a) as allegedly being unpatentable over Annunziata (US 2001/0034688) in

view of Slyke (US 2002/0042779) is requested. These claims have been canceled, thus rendering their rejection moot.

#### **A. Discussion of Annunziata**

As previously discussed, Annunziata merely transfers conventional ownership of a commodity via a computerized communications link, but does not create either *commodity shares or trust shares* in a commodity, or otherwise deal with commodity shares or commodity trust shares. *Annunziata is completely silent of any use of trust shares, a trust, a trust system, trust assets, or a trustee to administer a commodity trust.* Furthermore, Annunziata does not disclose holding an amount of a commodity in a trust, and even more particularly, Annunziata does not disclose issuing *shares* corresponding to the amount of a commodity.

Applicants reiterate that Annunziata is merely directed to a computer-implemented system for *transferring* ownership of commodities via a communications link, wherein a database is used that contains open bids and offers currently available for trading that have been submitted by other users of the system (see Annunziata at ¶ [0029]).

Thus, Applicant submits that Annunziata is also irrelevant to the newly-presented claims.

#### **B. Discussion of Slyke**

According to its Abstract, Slyke is purportedly directed to liquid insurance contracts (LIC) which comprise a security that is traded or tradable, and which has cash flows to the issuer based upon a liability whose exact value is unknown at the time of issuance. A method for creating and trading these LICs, as well as other financial products derived from LICs, may include any of the following steps: writing at least one LIC; preparing regulatory filings for at least two LICs; issuing the two LICs; preparing regulatory filings for a financial product which includes at least one detachable LIC provision; issuing the financial product; creating at least one underwriter as a closed end fund owned by a parent company; placing ownership of at least a portion of an issue of the financial product in an underwriter owned by a parent company; spinning off the underwriter from the parent company using at least one stock dividend; trading shares of the underwriter; reporting information on trades and positions of the underwriter; and

valuing the underwriter using analytic modeling, sensitivity testing, portfolio analysis, and/or investment analysis.

Any purported "creation order" that may be used by Slyke is not tied to a specific amount of any physical commodity that is equitized by the creation of commodity shares or commodity trust shares that represent a fractional ownership interest in an underlying physical commodity.

Thus, Applicant submits that Slyke is also irrelevant to the newly-presented claims, which are directed to process for the trading of a physical commodity represented by commodity shares or commodity trust shares.

#### **IV. Unpatentability Rejection over Annunziata and Slyke in View of Turk**

Withdrawal of the rejection of claims 7-8, 28, 37, 49, 58, and 62 under 35 U.S.C. §103(a) as allegedly being unpatentable over Annunziata and Slyke in view of Turk (US 5,671,364) is requested. These claims have been canceled, thus rendering their rejection moot.

##### **A. Discussion of Turk**

According to the Abstract, Turk is purportedly directed to a method and system for commodity-based currency for payment accounts elimination of payment risk *in which gold or other commodities are permitted to circulate as currency*, and which requires a network of system users to participate in financial transactions where payment is made in units of gold. The gold is kept in secure storage at a deposit site for the benefit of the users. The payments in gold are effected by a computer system having data storage and transaction processing programs that credit or debit the units of account of gold held for the account of each system user.

However, similar to Annunziata, Turk does not disclose, teach, or suggest creation or use of commodity trust shares, with gold as the underlying commodity. Turk merely represents the conventional physical transfer of gold, with the added features that the gold is allowed to be circulated as a currency and kept in a centralized secure storage for the benefit of the users, and wherein a computer-implemented bookkeeping system is implemented. Thus, Applicant submits that Turk is also irrelevant to the newly-presented claims.

**V. New Claims 73-88**

As discussed above, newly-presented claims 73-88 have been drafted in light of the Supreme Court's Bilski decision and the USPTO's Interim Bilski Guidance, as well as to avoid the previously cited art. Consideration and allowance of pending claims 73-86 are respectfully requested.

**A. Background Discussion of Applicants' Disclosed and Claimed Invention**

By way of background, and in light of the newly-presented claims, a summary discussion of Applicant's novel method is provided. Various embodiments of Applicant's disclosure are directed to a method for securitizing or equitizing a commodity by creating commodity shares and, in one aspect, commodity trust shares are created. In an embodiment, trust shares in a commodity trust are provided by a Trustee for a particular commodity, e.g., gold or other precious metal. In an embodiment, commodity shares are backed by the Trustee's physical custody of the actual commodity.

For example, with respect to independent claim 73, an amount of physical gold bars are provided to the trust (e.g., Trustee or a custodian acting on behalf of the trustee). After receipt of the gold bars and entry into the trust, an amount of trust shares is received, the trust shares each representing a proportional ownership interest in the physical gold bars. The disclosed invention has applicability to various types of commodities including gold and other precious metals, for example.

Independent claim 73 recites:

73. A method for electronically trading shares of physical gold bars over an electronic communications network (ECN), the method comprising:

providing an amount of the physical gold bars to a trust, the physical gold bars provided to the trust having a value based at least on a weight thereof;

receiving a number of trust shares each representing a proportional ownership interest in the physical gold bars; and

using the electronic communication network (ECN) to trade one or more of the trust shares.

Applicants have created a unique and, cost-effective way to equitize a physical commodity, e.g., gold bars. The trust share price reflects the value of a proportional ownership interest in the physical gold bars.

In paragraph [007] of the Summary that discusses an embodiment, for example, the shares in the trust represent a proportional interest in the trust and/or the commodity held by the trust. Proportional interests in the commodity may be traded based upon the share price.

Applicant's claimed approach creates trust shares that can be traded on a major securities exchange such as the New York Stock Exchange (NYSE), the American Stock Exchange (AMEX), the National Association of Securities Dealers Automatic Quotation System (NASDAQ), or any other exchange or Electronic Communication Network (ECN). This accessibility to securities exchanges creates a robust secondary market for the trust shares.<sup>1</sup>

Applicant reiterates that commodity trading is a highly specialized activity, requiring access to particular markets, and adherence to unique rules and commodity trading units used in transactions in a variety of different markets. Applicant's approach greatly expands the ability for average investors to invest in commodities through commodity shares and/or commodity trust shares. Applicant's variously claimed method is clearly not taught or suggested by any art of record.

Claims 87-88 cover the invention from a different perspective but are allowable for recitation of novel and unobvious elements as will also be appreciated from the above discussion.

Accordingly, consideration and allowance of claims 73-88 are respectfully requested.

## VI. Conclusion

All rejections having been addressed, Applicant submits that each of pending claims 73-88 in the present application is in immediate condition for allowance. An early indication of the same would be appreciated.

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<sup>1</sup> The "GLD" security traded on the NYSE provides an example of such a commodity share.

In the event the Examiner believes that a further interview would be helpful in resolving any outstanding issues in this case, the Undersigned Attorney is available at the telephone number indicated below.

For any fees that are due, including fees for extensions of time during the pendency of this application, please charge Deposit Account Number 03-3975 from which the Undersigned Attorney is authorized to draw. The Commissioner for Patents is also authorized to credit any over payments to the above-referenced Deposit Account.

Due Date: August 3, 2010

Respectfully submitted,

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Attachment: Petition for 2-Month Extension of Time